

73rd ANNIVERSARY

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Chesebrough
Manufacturing
Company

CONSOLIDATED

Annual Report-1952

CHESEBROUGH
MANUFACTURING
COMPANY
CONSOLIDATED

ANNUAL REPORT—1952

MARCH 30, 1953

To the Stockholders:

Your Company, together with its foreign branches and its wholly-owned British subsidiary, experienced in 1952 another satisfactory year. Both domestic and overseas sales rose to the highest level in the 73-year corporate history of your Company.

CONSOLIDATED NET INCOME

Consolidated net income for the year ended December 31, 1952 amounted to \$1,550,623.81, equal to \$4.96 per share on 312,381 shares outstanding at the year-end. This compared with 1951 consolidated net income of \$1,644,616.17 or \$5.31 per share on 309,238 shares outstanding on December 31, 1951. In spite of substantially increased sales, the net income was adversely affected by higher operating costs including increases in wages and salaries, and also increased costs of materials and advertising.

TAXES

The income and excess profits taxes (domestic and foreign) continued to take a large share of our gross income. These taxes which amounted to \$2,047,060.99 or \$6.55 per share substantially exceeded the amount of dividends paid.

DIVIDENDS

In 1952 dividends of \$4.00 per share, or a total of \$1,244,169.75, were paid, compared with \$4.25 per share, or a total of \$1,314,191.50, paid in the preceding year. Your Company has now been disbursing dividends for 70 successive years and the December 1952 payment represented the 465th individual dividend paid since its incorporation.

STOCK PURCHASE PLAN

At the Annual Stockholders Meeting in May, 1952, the Stock Purchase Plan for Executives and Administrative Employees was amended. After this amendment became effective, 3,143 shares of the Company's common capital stock were sold under the Plan. A total of 12,381 of the 25,000 shares originally authorized in 1946 have been sold to date.

DOMESTIC SALES

Domestic sales in 1952 were substantially greater than those in 1951 and were again the largest in the history of the Company. The increase

in sales was well distributed among our principal products, namely: 'Vaseline' Petroleum Jelly, 'Vaseline' Hair Tonic, 'Vaseline' Cream Hair Tonic, 'Vaseline' Lip Ice, and 'Vaseline' Sterile Petrolatum Gauze.

In the distribution of our goods, the share of our business that is going through self-service outlets continues to increase and we are keeping in close touch with this important trend.

Since 1873, our products have been distributed in the United States by the Colgate-Palmolive-Peet Company and its predecessor, Colgate & Company. The year 1953 will mark the eightieth anniversary of this long and satisfactory association which was formed by Robert A. Chesebrough, the founder of our Company, and Samuel Colgate.

OVERSEAS OPERATIONS

In 1952, the Company's foreign sales set a new high record. Our overseas business has grown until it now equals one-third of our total sales volume. The Company has three plants abroad which are located in London, Montreal and Johannesburg. A fourth plant is being constructed in Australia, just outside Melbourne, and is scheduled to open in May 1953. In addition to these plants the Company has representatives, with manufacturing facilities, in twenty countries, and has selling representatives in fifty-six other countries.

ADVERTISING

In 1952, our advertising and public relations program was expanded in accordance with sales' increases both in the United States and overseas. Extensive use of the principal advertising media, such as newspapers, magazines, radio and television, has enabled us to bring our products to the attention of many millions of people around the globe. In carrying out this program we were assisted by nineteen advertising agencies and public relations counsellors.

PRODUCTION

Our domestic plants enjoyed high production levels with a minimum of equipment breakdown and labor turnover. As Governmental Controls eased, availability of materials and supplies improved considerably and no substitute packaging was necessary. Special emphasis on our maintenance programs has kept our plants in good condition, both in operation and appearance.

RESEARCH

The expansion of our research programs was continued in 1952 and the level of activity is now of such a nature that we are operating four research centers. Basic research in petrolatums is carried on in our

Fellowship at Mellon Institute, and product as well as packaging research is performed in laboratories at our Perth Amboy, McKees Rocks and British Plants.

In conjunction with the above, our program of Mechanical Research continued, covering the design of special equipment and the improvement of product-handling facilities.

STOCKHOLDERS

Early in 1952 we made a census of the 3,440 shareholders we had at that time, which indicated there were 1,528 women and 1,211 men owning stock in your Company. The balance of 701 stockholders consisted of fiduciaries, nominees, institutions, foundations, stock brokers and securities dealers etc. Our stockholders at the end of 1952 numbered 3,655 and were geographically located in forty-six of the forty-eight United States, in Canada and in several foreign countries.

PERSONNEL

Your Board of Directors wishes to again express its appreciation for the loyalty and support of the Company's employees, both at home and abroad.

OUTLOOK FOR 1953

Domestic sales to date have shown encouraging progress as compared with the corresponding period last year, and we look forward with optimism to a continuation of this favorable trend barring unforeseen changes in present economic conditions.

The outlook for our overseas business in 1953 is promising and we anticipate further improvement during the year. While from experience we know that we may expect unfavorable fluctuations in individual markets, the over-all picture is bright.

Accompanying this report you will find a notice of the Secretary to the effect that the annual meeting of stockholders will be held at the office of the Corporation, 17 State Street, New York 4, New York, on Thursday, the 7th day of May, 1953, at eleven o'clock in the forenoon, Daylight Saving Time. Please sign and return your proxy immediately. If you attend the meeting you may, if you so desire, withdraw your proxy and vote in person. Each stockholder, whether owning few or many shares, is urged to send in the proxy promptly.

By order of the Board of Directors,

CLIFFORD W. MCGEE,
Chairman of the Board.

ARTHUR B. RICHARDSON,
President.

Chesebrough Manufacturing Company, Consolidated . . . New York

Chesebrough Manufacturing Company, Limited London

CONSOLIDATED BALANCE SHEETS

<i>A S S E T S</i>		
	1952	1951
CURRENT ASSETS:		
Cash	\$ 3,221,957.11	\$ 2,839,371.58
Accounts Receivable	1,234,436.96	1,352,395.47
Marketable Securities at Cost	2,090,207.77	2,088,729.83
(Market Value 1952, \$2,085,280.76; 1951, \$2,056,063.13)		
Inventories at the lower of Cost or Market	4,189,915.57	4,528,783.07
TOTAL CURRENT ASSETS	<u>\$10,736,517.41</u>	<u>\$10,809,279.95</u>
FIXED ASSETS:		
Plants and Real Estate	\$ 4,870,697.95	\$ 4,569,267.29
Furniture and Fixtures	160,317.08	149,873.63
Automobiles and Trucks	95,466.32	88,614.60
TOTAL FIXED ASSETS	<u>\$ 5,126,481.35</u>	<u>\$ 4,807,755.52</u>
DEPRECIATION:		
Plants and Real Estate	\$ 1,839,377.21	\$ 1,729,650.35
Furniture and Fixtures	55,091.44	48,046.02
Automobiles and Trucks	31,566.14	33,897.21
TOTAL DEPRECIATION	<u>\$ 1,926,034.79</u>	<u>\$ 1,811,593.58</u>
TOTAL FIXED ASSETS AFTER DE- PRECIATION	<u>\$ 3,200,446.56</u>	<u>\$ 2,996,161.94</u>
Notes Receivable—Stock Purchasing Plan	141,510.80	58,852.43
Deferred Charges	90,114.56	65,264.35
TOTAL ASSETS	<u><u>\$14,168,589.33</u></u>	<u><u>\$13,929,558.67</u></u>

DECEMBER 31, 1952 AND 1951

LIABILITIES AND CAPITAL

	1952	1951
CURRENT LIABILITIES:		
Accounts Payable	\$ 989,194.61	\$ 941,566.98
Provision for Income and Excess Profits Taxes (less U. S. Treasury Tax Antici- pation Bills—1952, \$197,748.34)	1,863,204.06	2,110,632.51
TOTAL CURRENT LIABILITIES	<u>\$ 2,852,398.67</u>	<u>\$ 3,052,199.49</u>
DEFERRED LIABILITIES:		
Provision for Future Taxation in England..	<u>\$ 394,243.00</u>	<u>\$ 400,221.25</u>
RESERVES:		
For Annuities	\$ 600,000.00	\$ 600,000.00
For Plant Improvements and Expansion...	500,000.00	600,000.00
For General Contingencies	150,000.00	150,000.00
For Reconstruction and Repairs to London Plant	62,710.53	62,459.46
TOTAL RESERVES	<u>\$ 1,312,710.53</u>	<u>\$ 1,412,459.46</u>
COMMON CAPITAL STOCK:		
Par Value \$10.00 Authorized 400,000 shares		
Issued 312,381 shares	3,123,810.00	
Issued 309,238 shares		3,092,380.00
SURPLUS	6,485,427.13	5,972,298.47
TOTAL LIABILITIES AND CAPITAL	<u><u>\$14,168,589.33</u></u>	<u><u>\$13,929,558.67</u></u>

Chesebrough Manufacturing Company, Consolidated . . . New York
Chesebrough Manufacturing Company, Limited London

STATEMENT OF CONSOLIDATED NET INCOME

For the Years Ended December 31, 1952 and 1951

	1952	1951
Gross Profit on Operations after Cost of Sales	\$13,252,085.69	\$12,503,499.66
Selling, Administrative, Advertising and General Expenses	9,780,484.79	8,836,197.42
	<u>\$ 3,471,600.90</u>	<u>\$ 3,667,302.24</u>
Depreciation Included Above:		
1952.....	\$161,249.79	
1951.....	153,825.52	
Other Income:		
Interest and Dividends Received.....	\$ 54,179.69	\$ 53,697.16
Miscellaneous Income	71,904.21	79,365.52
Income before Income and Excess Profits Taxes	<u>\$ 3,597,684.80</u>	<u>\$ 3,800,364.92</u>
Provision for Income and Excess Profits Taxes:		
United States Income Tax	\$ 1,326,018.37	\$ 1,342,537.36
United States Excess Profits Tax.....	190,526.84	210,338.65
Foreign Income and Excess Profits Taxes	530,515.78	602,872.74
Total Income and Excess Profits Taxes.....	<u>\$ 2,047,060.99</u>	<u>\$ 2,155,748.75</u>
NET INCOME FOR THE YEAR.....	<u><u>\$ 1,550,623.81</u></u>	<u><u>\$ 1,644,616.17</u></u>

Chesebrough Manufacturing Company, Consolidated . . . New York
Chesebrough Manufacturing Company, Limited London

STATEMENT OF CONSOLIDATED SURPLUS

For the Years Ended December 31, 1952 and 1951

	1952	1951
SURPLUS AT BEGINNING OF YEAR.....	\$ 5,972,298.47	\$ 5,608,482.39
Net Income for the Year.....	1,550,623.81	1,644,616.17
Arising from Issuance of shares under Stock Purchasing Plan.....	109,397.10	
Adjustment of Reserves.....	97,277.50	33,391.41
	<u>\$ 7,729,596.88</u>	<u>\$ 7,286,489.97</u>
Less:		
Dividends Paid	\$ 1,244,169.75	\$ 1,314,191.50
SURPLUS AT END OF YEAR.....	<u>\$ 6,485,427.13</u>	<u>\$ 5,972,298.47</u>

REPORT OF INDEPENDENT AUDITOR

*To the Stockholders of
Chesebrough Manufacturing Company, Consolidated:*

We have examined the consolidated balance sheet of Chesebrough Manufacturing Company, Consolidated as of December 31, 1952 and the consolidated income and surplus accounts for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. With respect to your wholly owned British subsidiary corporation and foreign branches, we have accepted for inclusion in the consolidated statements reports signed by other independent public accountants.

In my opinion, based upon such examination and upon such reports and statements, the accompanying consolidated balance sheet and related income and surplus accounts present fairly the consolidated position of Chesebrough Manufacturing Company, Consolidated and its wholly owned subsidiary company as at December 31, 1952 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ROBERT NASH PHINNEY,
Certified Public Accountant.

New York, N. Y.
March 10, 1953.

DIRECTORS

Clifford M. Baker

Hunter S. Marston

Basil L. Emery

Clifford W. McGee

Robert C. Fuller

Frank J. McGroarty

Charles E. Klein

Wandell M. Mooney

Arthur B. Richardson

OFFICERS

Clifford W. McGee - - - - - Chairman

Arthur B. Richardson - - - - - President

Basil L. Emery - - - - - Vice President

Robert C. Fuller - - - - - Vice President

Charles E. Klein - - - - - Treasurer

Frank J. McGroarty - - - - - Secretary

William J. Haggerty - - - - - Assistant Treasurer

Edith V. Blauvelt - - - - - Assistant Secretary

INDEPENDENT AUDITOR

Robert Nash Phinney, C. P. A.

TRANSFER AGENT

The Chase National Bank of the City of New York,
New York, N. Y.

REGISTRAR

Bankers Trust Company, New York, N. Y.

'VASELINE' BRAND PRODUCTS